

(2) Total current assets equal to or exceeding total current liabilities or assurance that funds will be available to meet current obligations.

(e) In case a warehouseman is licensed or is applying for licenses to operate two or more warehouses under the regulations in this part, the maximum number of bushels which all such warehouses will accommodate when stored in the manner customary to the warehouses, as determined by the Administrator, shall be considered in determining whether the warehouseman meets the net assets requirements specified in paragraph (d) of this section.

(f) Subject to such terms and conditions as the Secretary may prescribe and for the purposes of determining allowable assets and liabilities under paragraphs (d) and (e) of this section:

(1) Capital stock shall not be considered a liability;

(2) Appraisals of the value of fixed assets in excess of the book value claimed in the financial statement submitted by warehousemen to conform with paragraphs (b) and (c) of this section may be allowed by the Secretary if prepared by independent appraisers acceptable to the Secretary;

(3) Financial statements of a parent company which separately identifies the financial position of a wholly owned subsidiary and which meets the requirements of paragraphs (b), (c), and (d) of this section may be accepted by the Secretary in lieu of the warehouseman meeting such requirements; and

(4) Guaranty agreements from a parent company submitted on behalf of a wholly owned subsidiary may be accepted by the Secretary as meeting the requirements of paragraphs (b), (c), and (d) of this section, if the parent company submits a financial statement which qualifies under this section.

(g) In case a State agency licensed or applying for a license as provided in Section 9 of the Act has funds of not less than \$500,000 guaranteeing the performance of obligations of the agency as a warehouseman, such funds shall be considered sufficient to meet the net assets requirements of this section.

(h) In case a warehouseman files a bond in the form of a certification of participation in an indemnity or insur-

ance fund as provided for in § 736.13(b), the licensed warehouseman shall have and maintain a minimum of \$25,000 in allowable net assets and any deficiency in assets above the \$25,000 minimum shall be covered by an acceptable and valid certificate.

(i) When a warehouseman files a bond in the form of either a deposit of public debt obligations of the United States or other obligations which are unconditionally guaranteed as to both interest and principal by the United States as provided for in § 736.13(c):

(1) The obligation deposited shall not be considered a part of the warehouseman's assets for purposes of § 736.6(d), (1) and (2);

(2) A deficiency in total allowable net and current assets as computed for § 736.6(d), (1) and (2) may be offset by the licensed warehouseman furnishing a corporate surety bond for the difference;

(3) The deposit may be replaced or continued in the required amount from year to year; and

(4) The deposit shall not be released until one year after termination (cancellation or revocation) of the license which it supports or until satisfaction of any claim against the deposit, whichever is later.

Nothing in these regulations shall prohibit a person other than the licensed warehouseman from furnishing such bond or additions thereto on behalf of and in the name of the licensed warehouseman subject to provisions of § 736.13(c).

[29 FR 15730, Nov. 24, 1964, as amended at 39 FR 41824, Dec. 3, 1974; 47 FR 23910, June 1, 1982; 49 FR 12667, Mar. 30, 1984. Redesignated at 50 FR 1814, Jan. 14, 1985; further amended at 52 FR 37126, Oct. 5, 1987]

§ 736.7 Grounds for not issuing license.

A license for the conduct of a warehouse, or any amendment to a license, under the regulations in this part, shall not be issued if it is found by the Secretary, or his designated representative, that the warehouse is not suitable for the proper storage of grain; that the warehouseman does not possess a good reputation, or does not have a net worth of at least \$50,000.00, or is incompetent to conduct such warehouse in accordance with the act

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and the regulations in this part; or that there is any other sufficient reason within the intent of the act for not issuing such license. If all the facilities operated for the storage of grain by the applicant within the same city or town are not to be licensed under the act, the applicant shall not be licensed as a grain warehouseman with respect to any of such facilities, unless an exemption of the facilities which are not to be licensed is granted as provided in § 736.3a.

[29 FR 15730, Nov. 24, 1964, as amended at 47 FR 23911, June 1, 1982. Redesignated at 50 FR 1814, Jan. 14, 1985 and further amended at 52 FR 37127, Oct. 5, 1987]

§ 736.8 Posting of license.

Immediately upon receipt of his license or of any modification or extension thereof under the act, the warehouseman shall post same, and thereafter, except as otherwise provided in the regulations in this part, keep it posted until suspended or terminated, in a conspicuous place in the principal office where receipts issued by such warehouseman are delivered to depositors.

§ 736.9 Warehouse license; suspension; revocation.

Pending investigation, the Secretary, or his designated representative, whenever he deems necessary, may suspend a warehouseman's license temporarily without hearing. Upon written request and a satisfactory statement of reasons therefor, submitted by a warehouseman, the Secretary, or his designated representative, may, without hearing, suspend or revoke the license issued to such warehouseman. The Secretary, or his designated representative, may, after opportunity for hearing has been afforded in the manner prescribed in this section, suspend or revoke a license issued to a warehouseman when such warehouseman—

(a) Does not have a net worth of at least \$50,000;

(b) Has parted, in whole or in part, with his control over the licensed warehouse;

(c) Is in process of dissolution or has been dissolved;

(d) Has ceased to operate such licensed warehouse;

(e) Has in any other manner become nonexistent or incompetent or incapacitated to conduct the business of the warehouse;

(f) Has made unreasonable or exorbitant charges for services rendered;

(g) Is operating in the same city or town in which his licensed warehouse facilities are located, any facility for storage of grain which is not covered by a license or an exemption as provided in § 736.3a; or

(h) Has in any other manner violated or failed to comply with any provision of the act or the regulations in this part. Whenever any of the conditions mentioned in paragraphs (a) through (h) of this section shall come into existence, it shall be the duty of the warehouseman to notify the Administrator immediately of the existing condition. Before a license is revoked or suspended (other than temporarily pending investigation) for any violation of, or failure to comply with, any provision of the act or of the regulations in this part, or upon the ground that unreasonable or exorbitant charges have been made for services rendered, the warehouseman involved shall be furnished by the Secretary, or his designated representative, a written statement, specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with § 736.99.

[29 FR 15730, Nov. 24, 1964, as amended at 47 FR 23911, June 1, 1982. Redesignated at 50 FR 1814, Jan. 14, 1985 and further amended at 52 FR 37127, Oct. 5, 1987; 53 FR 2477, Jan. 28, 1988]

§ 736.10 Return of suspended or revoked license.

In case a license issued to a warehouseman terminates or is suspended or revoked by the Secretary or his designated representative, such license shall be immediately returned to the Secretary. At the expiration of any period of suspension of such license, unless it be in the meantime revoked, the dates of the beginning and termination of the suspension shall be indorsed thereon, it shall be returned to the warehouseman to whom it was originally issued and it shall be posted as